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CURRENT INTELLIGENCE DIGEST



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delays in Washington in acting on the Randall Commission recommendations will increase their government's difficulties in parliament, but will not prevent it from going ahead with convertibility. London still insists, however, that financial support and safeguards against adverse trade trends are necessary. (U London TOUSFO 542, 10 June 54)

LATIN AMERICA

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27.

Guatemalan army rumored threatening revolt on Communist issue. Top Guatemalan army officers have given President Arbenz until 15 June to oust the Communists from the government or be ousted himself, according to persistent rumors. A usually reliable source reports that these officers are "meeting constantly" to discuss their course of action.

On 11 June, according to another usually reliable source, Arbenz informed a group of civilian officials of this army pressure and declared that his policies were "unchangeable." He said that, if necessary, he would arm the workers and peasants, who would fight for the government "to the last man."

Comment: The army is believed still to have the capability for decisive action against the regime. A growing number of officers realize, however, that the 6,000-man army may not long retain this capability if the much larger Communist-led labor and peasant groups obtain sufficient quantities of arms.

Last December and January peasant groups were incited to seize numerous private properties in what the American embassy described as an effort to condition these workers to violent action under Communist leadership. The labor and peasant groups are again becoming aggressive and are believed already in possession of some arms.

Bolivia's difficult economic situation may be easing: The American embassy in La Paz reports that the success of the Agricultural Diversification Program in the production of corn has exceeded all expectations. Excess corn production may be used, according to the minister of economy, to extend the wheat flour supply 10 percent by the addition of corn flour. This plan would save approximately \$1,000,000 annually in wheat purchases.